



PSC NEWS

Missouri Public Service Commission

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PSC Approves Agreement In AmerenUE Case

Jefferson City (March 1, 2004)---The Missouri Public Service Commission has approved an agreement which authorizes AmerenUE to participate in the Midwest Independent Transmission System Operator (MISO) through a contractual agreement with GridAmerica, LLC.

The MISO is one of several regional transmission organizations (RTOs) authorized in recent years under Federal Energy Regulatory Commission policy. In general, RTOs are intended to manage the day-to-day and long-term operations of the transmission systems of a group of electric utilities covering a large area and number of electric consumers.

The MISO includes areas in the upper Midwest, as far west as Wyoming to as far east as eastern Ohio.

According to the application, GridAmerica will be comprised of Ameren Services Company, as agent for its operating companies AmerenUE and Central Illinois Public Service Company d/b/a AmerenCIPS, American Transmission Systems, Incorporated, a transmission subsidiary of FirstEnergy Corp., and Northern Indiana Public Service Company. According to AmerenUE's application, the formation and participation of GridAmerica will add 4 million customers to the MISO.

AmerenUE stated in its application that GridAmerica will enable greater connectivity between load centers in the MISO which will set the stage for service innovations while minimizing to the greatest extent possible, costs to customers, a benefit to AmerenUE and its customers.

The PSC Staff noted in its suggestions in support of the agreement that RTOs "have the opportunity to increase both the operational reliability and the economic efficiency of the electric power system compared to today's system of contract path transmission arrangements between multiple control areas."

The agreement approved by the Commission contains a number of conditions. Those conditions include the Commission continuing to have jurisdiction to determine the transmission component of AmerenUE's rates serving its bundled retail load. In addition, the agreement provides that AmerenUE will not divest itself of any of its transmission assets, nor securitize any of its transmission assets without approval from the Commission.

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As part of the agreement, Commission approval is “interim” for a five year period. After a period of approximately three-and-a-half years, the Commission will automatically be entitled to reconsider the issue of AmerenUE’s RTO affiliation beyond the five year termination date, examining the benefits and costs.

The Commission’s order approving the agreement states: “The Commission reads the agreement as not limiting its jurisdiction or authority in any way, and the parties agreed with that reading. In particular, the Commission reads the agreement as giving it continuing oversight over AmerenUE’s participation in the MISO, and the authority to require AmerenUE to modify or terminate its participation if circumstances change and AmerenUE’s participation becomes detrimental to the public interest. Such changed circumstances could include (but are not limited to) significant changes in state or federal law.”

The agreement approved by the Commission was submitted by the Staff of the Public Service Commission, the Office of the Public Counsel, AmerenUE, the MISO, National Grid USA, and the Missouri Industrial Energy Consumers. The agreement was reached as a result of extensive negotiations covering several months by the above parties. The parties to the case that did not sign the stipulation and agreement filed statements that they did not oppose the stipulation and agreement and did not request a hearing.

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